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No. 93-1577

IN THE

Supreme Court Of The United States

October Term, 1994

QUALITEX COMPANY,

Petitioner,

v.

JACOBSON PRODUCTS CO., INC.,

Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

BRIEF OF AMICUS CURIAE THE CROSBY GROUP, INC. IN SUPPORT OF THE PETITIONER, QUALITEX COMPANY

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INTEREST OF AMICUS CURIAE[1]

In 1882, Oliver Crosby and Frank Johnson founded American Hoist and Derrick Company,[2] a repair business for heavy mining and other equipment. Over time, American Hoist began to manufacture and sell heavy lifting equipment and the hardware items needed to make the equipment operational, such as hooks, grabs, blocks and sheaves. The manufacture and sale of the hardware were eventually consolidated in a subsidiary of

[1] The Crosby Group, Inc. has obtained the written consent of Qualitex Co. and Jacobson Products Co., Inc. to the filing of this *amicus curiae* brief. Original consent letters from the parties have been lodged with the Court.

[2] American Hoist and Derrick Company eventually become AMHOIST, and then became AMDURA Corporation. For simplicity, the name "American Hoist" is used in this brief.

American Hoist, which subsidiary today is named The Crosby Group, Inc. ("Crosby").[3]

Crosby is now the leading producer in the United States and Canada of blocks, sheaves and forged fittings for wire rope and chain. It is headquartered in Tulsa, Oklahoma, employs over 900 people, and has 2600 distributors worldwide selling over 5000 standard products. Crosby also manufactures and sells certain custom products, such as the blocks used to lift NASA space shuttles onto the backs of Boeing 747 carrier jets.

In the early years of Crosby, Oliver Crosby and Frank Johnson developed a forged base U-bolt wire rope clamp (known as the Crosby Clip) that soon became a standard in the industry. At least as early as 1921, Crosby began to paint the U-bolt of the clamp a shade of bright red to distinguish the clamp from the clamps of competitors, and to indicate the source of the clamp. On July 11, 1922, the U.S. Patent and Trademark Office (the "USPTO") granted a federal trademark registration[4] for the red U-bolt for rope clamps. This registration was accorded "incontestable" status in 1954.

Crosby has consistently emphasized that the red color of its U-bolt indicates a source of high quality wire rope clamps. For example, a 1968 catalog advertising the wire rope clamps stated that "Only genuine Crosby Clips have a Red U-BOLT for instant recognition and your assurance of safer wire rope fastenings." Centered on the covers of Crosby's 1992 and 1994 color catalogs[5] is a three by six inch photograph of a wire rope clamp having a red U-bolt stamped "TRADEMARK/

[3] For simplicity, when used herein in a historical sense "Crosby" denotes The Crosby Group, Inc., its wholly-owned subsidiaries, and its predecessors in interest in the hardware business, including American Hoist.

[4] *See* Appendix A, which is a copy of Registration No. 156,609.

[5] The color catalog constitutes Crosby's largest advertising expenditure. Crosby spends over a half a million dollars annually producing and distributing 60,000 to 70,000 copies of the catalog worldwide.

REDU-BOLT/REG. U.S. PAT. OFFICE."[6] Last year, Crosby's sales of red U-bolt wire rope clamps exceeded several million dollars. Crosby believes that the success of its wire rope clamps is in large part a result of consumer recognition of the red U-bolt as indicating a source of high quality products.

Due in part to the value of and recognition accorded the red U-bolt trademark and to the "incontestable" status accorded its registration, Crosby has also used other color trademarks. For example, at least as early as 1956 Crosby began to paint its shackle pins a bright shade of red, and at least as early as 1959 Crosby began to paint its blocks bold shades of blue and orange. Thereafter the source-indicative nature of such colors was emphasized repeatedly by Crosby. For example, Crosby's 1968, 1981 and 1984 catalogs stated, in connection with the advertisement of shackle pins, "LOOK FOR THE RED COLOR...MARK OF GENUINE [CROSBY] QUALITY." On December 7, 1993 the USPTO issued a federal trademark registration[7] to Crosby for the colors blue and orange for metal rope blocks with assembled hook or shackle, and on February 22, 1994 the USPTO issued a registration[8] to Crosby for the color red for metal hardware, namely shackles containing metal pins.[9] Last year Crosby had sales of each of these products of several million dollars, and it believes that the products' sales success is due in part to the source recognition engendered by the color trademarks.

[6] Crosby has federal trademark registrations both for the red U-bolt and for the phrase "RED U-BOLT".

[7] *See* Appendix B, which is a copy of Registration No. 1,808,786.

[8] *See* Appendix C, which is a copy of Registration No. 1,822,312.

[9] Crosby recently purchased certain assets of E. D. Bullard Company of Sausalito, California, including a federal trademark registration issued July 5, 1966 for the color gold for safety hoist hooks. *See* Appendix D, which is a copy of Registration No. 810,765.

Because of the mature nature of Crosby's product line, it is often very difficult for Crosby to obtain patents or other types of proprietary rights in its products. Therefore, Crosby must, and does, rely heavily on its trademarks. For over 72 years, Crosby has relied upon the use and registrability of color as a trademark in ordering its business, both domestically and internationally. Crosby has spent, and continues to spend, considerable sums to paint products that otherwise could be sold in their natural metallic colors.[10] Crosby's colors have become well known trademarks throughout the world. If this Court affirms the Court of Appeals for the Ninth Circuit, Crosby will lose valuable, long-held rights that are essential to Crosby in distinguishing its products in the U.S. marketplace.

The public has come to rely upon the color marks of Crosby as one means of insuring that they are purchasing high-quality lifting hardware. Crosby's federal trademark registrations are one of its most effective tools in preventing the importation of inferior knock-off products into the United States. Without its federal registrations, Crosby will be less able to prevent such importation, and the public, understandably believing such products to be Crosby hardware after so many years of exclusive Crosby use of certain colors, may be deceived into buying them. Should such knock-off hardware fail, expensive property damage, serious injury and even death could be the consequences. It is Crosby that would bear the backlash of the resulting negative consumer perceptions.

For the foregoing reasons, Crosby urges this Court to reverse the Court of Appeals for the Ninth Circuit.

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[10] The expense has not been merely that of purchasing the paint and painting the products, but also that of paying employees to continually check the shades of paint received from paint manufacturers to ensure a consistent color appearance for Crosby products.

SUMMARY OF ARGUMENT

For over 72 years Crosby has reasonably relied upon its federal trademark registration for a red U-bolt for rope clamps. The USPTO examined and registered the trademark in 1922, Congress extended the benefits of the Lanham Act to Crosby's registration in 1946, and the USPTO accorded the registration "incontestable" status under the Lanham Act in 1954. Crosby has spent considerable sums both applying and advertising the red U-bolt registered trademark, and applying and advertising other color trademarks it began to use after the red U-bolt registered trademark became "incontestable". An affirmance of the Court of Appeals for the Ninth Circuit by this Court would strip Crosby of its "incontestable" registration and would greatly reduce the value of all of its now-registered color trademarks. It would also deprive the public of its ability to identify quickly a superior product. Crosby accordingly urges this Court to hold that the Lanham Act does not prohibit the registration of color.

ARGUMENT

BECAUSE JUSTIFIED, LONG-HELD EXPECTATIONS ARE AT STAKE, THIS COURT SHOULD ALLOW THE ESTABLISHED PRACTICE OF THE U.S. PATENT AND TRADEMARK OFFICE UNDER THE FEDERAL TRADEMARK ACTS TO STAND

I. CROSBY'S RELIANCE ON ITS FEDERAL TRADEMARK REGISTRATION FOR THE COLOR RED FOR OVER SEVENTY-TWO YEARS HAS BEEN JUSTIFIED

On October 18, 1921, American Hoist filed a trademark application with the USPTO for a red U-bolt for rope clamps. The application was examined by the USPTO, the trademark was published, and on July 11, 1922 it was registered pursuant to the Federal Trademark Act of 1905, 33 Stat. 724 (hereinafter the "Act of 1905"). The federal registration accorded American

Hoist the right to sue infringers in the federal courts, and the registration was *prima facia* evidence of ownership and carried a presumption of validity. Act of 1905, §§ 16, 17, 33 Stat. at 728-29; *James Heddon's Sons v. Millsite Steel & Wire Works, Inc.*, 128 F.2d 6, 9 (6th Cir. 1942).

Crosby made the registered red color one of the corner-stones of its marketing efforts, consistently emphasizing the source-indicative nature of the red U-bolt and spending money to advertise that nature. The trademarked red color of the U-bolt has repeatedly been highlighted in Crosby's catalogs as an indication of source and quality, including the aforementioned feature on the covers of the1992 and 1994 catalogs.

Reliance upon the federal registration has been justified. Registration of a trademark under the Act of 1905 involved an examination of the trademark to determine, among other things, that the trademark was not merely descriptive. Act of 1905, § 5, 33 Stat. at 725-26; *see Standard Paint Company v. Trinidad Asphalt Manufacturing Company*, 220 U.S. 446, 452-55 (1911). The trademark also was published in the Official Gazette of the Patent Office (the "Official Gazette") to give interested parties an opportunity to oppose the registration. *Id.* at § 6. It was reasonable for Crosby to assume that the USPTO had properly examined Crosby's red U-bolt trademark pursuant to its authority under the Act of 1905.

In 1946, Congress passed the Trademark (Lanham) Act of 1946, 15 U.S.C. § 1051, et seq. (hereinafter the "Lanham Act"). The Lanham Act had as its goal that trademarks receive nationally the greatest protection that they could be given. *See Park 'n Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 193 (1985). The Lanham Act provided for the renewal of any trademarks registered under the Act of 1905, and provided that trademarks so renewed were entitled to the benefits of the Lanham Act. Lanham Act, ch. 540, § 46(b), 60 Stat. 427, 444-46 (1946). Passage of the Lanham Act accordingly meant

that Crosby's trademark registration for the red U-bolt was thereafter *prima facia* evidence of the validity of the trademark and the registration. *See* 15 U.S.C.A. § 1115(a) (West 1982 & Supp. 1994). The Lanham Act also included a procedure whereby a trademark registered under the Act of 1905 could become "incontestable". *See* 15 U.S.C.A. §§ 1062, 1065 (West 1982 & Supp. 1994). Pursuant to that procedure, Crosby's red U-bolt trademark was again published in the Official Gazette, giving any interested party five years from the publication date to file a petition to cancel the registration. Upon the expiration of five years and the acceptance of an affidavit of continuous use from Crosby, Crosby was notified in 1954 by the USPTO that its registration had become "incontestable".

In 1988, Congress amended the definition of "trademark" in the Lanham Act, but "intentionally retain[ed] ... the words 'symbol or device' so as not to preclude the registration of colors ... where they function as trademarks." S. Rep. No. 100-515, 100th Cong., 2d Sess. 44 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5607.

Crosby has reasonably relied upon the administrative actions of the USPTO, both in 1922 when the trademark for the red U-bolt was registered under the Act of 1905, and in 1954 when the USPTO notified Crosby that its registration had become "incontestable" under the Lanham Act. Crosby asks that this Court not undo these administrative actions decades after the fact.

Crosby also has reasonably relied upon the actions of Congress, both in 1946 when Congress extended the benefits of the Lanham Act to the Act of 1905 registrations, and in 1988 when it amended the Lanham Act definition of "trademark" but explicitly kept the definition broad enough to include color. Congress undoubtedly is aware of the USPTO practice regarding the registration of color, and may use its Commerce Clause

(U.S. Const. art. I, § 8, cl. 3) power to modify that practice if it believes such a modification is necessary.

The registration of color trademarks is thus an area of the law wherein there is a longstanding administrative practice and wherein Congress has the power to regulate that practice as it sees fit. In such a situation, this Court should be particularly hesitant to adversely affect the reliance interests of affected parties.[11]

II. BECAUSE CROSBY HAS ADVERTISED ITS PRODUCTS AND BUILT ITS BUSINESS IN RELIANCE ON ITS FEDERAL TRADEMARK REGISTRATIONS, AFFIRMANCE OF THE NINTH CIRCUIT WOULD SERIOUSLY INJURE BOTH CROSBY AND THE PUBLIC

If this Court were to affirm the Court of Appeals for the Ninth Circuit and rule that the Lanham Act prohibits the registration of color, Crosby would lose rights on which it has relied for 72 years. Crosby would lose the right to advance its registration as *prima facia* evidence both of its ownership of, and the validity of, a trademark that has become a cornerstone of its marketing efforts. The red U-bolt trademark would lose the "incontestable" status it has held for 40 years. The registrations for red for shackle pins, blue and orange for blocks, and gold for safety hoist hooks that Crosby has more recently obtained would be lost. Most importantly, Crosby's international marketing plan would be dealt a substantial blow in the United States, Crosby's single largest market.

In addition, the consumer recognition built by Crosby's investment over the years in its trademarked products soon

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[11] *Cf. Quill Corporation v. North Dakota*, ___ U.S. ___, 112 S. Ct. 1904, 1916 (1992) (refusing to overrule judicial precedent that had engendered substantial reliance because Congress had the power to overrule the precedent pursuant to its Commerce power).

would be seriously diminished, both to Crosby's and the public's detriment. The public has come to rely upon the Crosby color schemes as being indicative of high quality products. If Crosby were to be stripped of one of its most effective tools for preventing low quality importers from copying its color schemes, the public could be directly harmed by confusing, inferior goods.

CONCLUSION

For the foregoing reasons, The Crosby Group, Inc. requests that the judgment of the Court of Appeals for the Ninth Circuit be reversed.

Respectfully submitted,

/s/ ROBERT D. YEAGER

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November 8, 1994

APPENDIX A

UNITED STATES PATENT OFFICE.

AMERICAN HOIST & DERRICK CO., OF ST. PAUL, MINNESOTA.

TRADE-MARK FOR ROPE CLAMPS.

ACT OF FEBRUARY 20, 1905.

156,609. Registered July 11, 1922.

Application filed October 18, 1921. Serial No. 154,256.

STATEMENT.

To all whom it may concern:

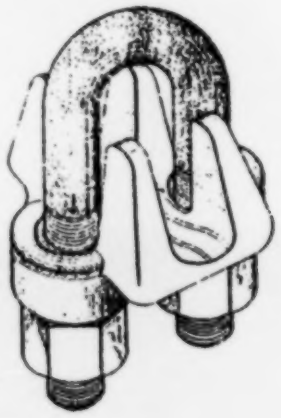
Be it known that AMERICAN HOIST & DERRICK CO., a partnership located in the city of St. Paul, county of Ramsey, State of Minnesota, and doing business 63 South Robert Street, in said city, and composed of OLIVER CROSBY, F. J. JOHNSON, and W. O. WASHBURN, all of St. Paul, in said county and State, has adopted and used the trade-mark shown in the accompanying drawing, no claim being made to the representation of a rope clamp, the trade-mark consisting of a red U-bolt, for rope clamps, in Class 23, Cutlery, machinery, and tools, and parts thereof.

The trade-mark has been continuously used in the business of said corporation since the 27" day of August, 1921.

The trade-mark is applied or affixed to the goods by painting or otherwise coating a surface thereof.

AMERICAN HOIST & DERRICK CO.,
By W. O. WASHBURN,
Managing Partner.

1A



DECLARATION.

State of Minnesota, county of Ramsey s.s.

W. O. WASHBURN, being duly sworn, deposes and says that he is a partner of the AMERICAN HOIST & DERRICK CO., a partnership, the application named in the foregoing statement; that he believes the foregoing is true; that he believes said partnership is the owner of the trade-mark sought to be registered; that no other person, firm, corporation or association, to the best of his knowledge and belief, has the right to use said trade-mark in the United States, either in the identical form or in any such near resemblance thereto as might be calculated to deceive; that said trade-mark is used by said partnership in commerce among the several States of the United States; that the description and drawing presented truly represent the trade-mark sought to be registered; and that the specimens show the trade-mark as actually used upon the goods.

W. O. WASHBURN.

Subscribed and sworn to before me this 30th day of September, 1921.

[L. S.] GEO. J. KELLNER,
Notary Public.

PUBLISHED
Under Sec. 12 (c) 1946 Act
12-14-48

COMR. APP. SEC. 8 & 15....
3-1-54

Int. Cl. 6

APPENDIX B

Int. Cl.: 6

Prior U.S. Cl.: 13

United States Patent and Trademark Office

Reg. No. 1,808,786
Registered Dec. 7, 1993

TRADEMARK
PRINCIPAL REGISTER

1B

CROSBY GROUP, INC., THE (MINNESOTA CORPORATION)
2801 DAWSON ROAD
TULSA, OK 74110

FOR: METAL ROPE BLOCKS WITH ASSEMBLED HOOK OR SHACKLE, IN CLASS 6 (U.S. CL. 13).

FIRST USE 0-0-1959; IN COMMERCE 0-0-1959.

NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE THE REPRESENTATION OF A BLOCK WITH ASSEMBLED HOOK OR SHACKLE , APART FROM THE MARK AS SHOWN.

THE DRAWING IS LINED FOR THE COLORS OF BLUE AND ORANGE.

THE MATTER SHOWN BY DOTTED LINES IS NOT A PART OF THE MARK AND NO CLAIM IS MADE TO IT.

SEC. 2(F).

SER. NO. 74-189,342, FILED 7-29-1991.

TERESA M. RUPP, EXAMINING ATTORNEY

APPENDIX C

Int. Cl.: 6

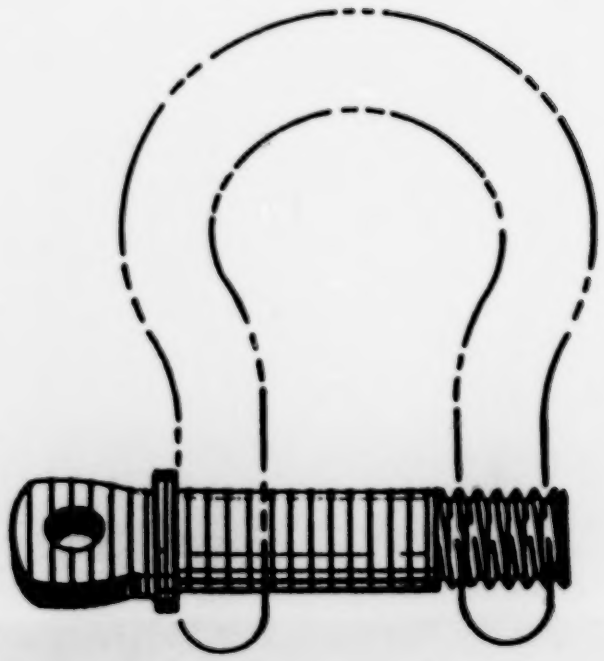
Prior U.S. Cl.: 13

United States Patent and Trademark Office

Reg. No. 1,822,312

Registered Feb. 22, 1994

TRADEMARK
PRINCIPAL REGISTER



IC

CROSBY GROUP, INC., THE (MINNESOTA CORPORATION)
2801 DAWSON ROAD
TULSA, OK 74110

FOR: METAL HARDWARE; NAMELY, SHACKLES CONTAINING METAL PINS, IN CLASS 6 (U.S. CL. 13).

FIRST USE 0-0-1956; IN COMMERCE 0-0-1956.

NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE THE REPRESENTATION OF THE SHACKLES, APART FROM THE MARK AS SHOWN.

THE DRAWING IS LINED FOR THE COLOR RED.

THE MARK CONSISTS OF THE COLOR RED FOR PINS FOR SHACKLES.

SER. NO. 74-294,154, FILED 7-14-1992.

TERESA M. RUPP, EXAMINING ATTORNEY

APPENDIX D

United States Patent Office

810,765
Registered July 5, 1966

PRINCIPAL REGISTER
Trademark

Ser. No. 214,426, filed Mar. 18, 1965

1D

E. D. Bullard Company (California corporation)
2680 Bridgeway
Sausalito, Calif.

For: SAFETY HOIST HOOKS, in CLASS 23.

First use January 1965; in commerce January 1965.

Applicant makes no claim to the configuration of the goods. The mark consists of the latch member comprising the safety hook colored gold. The drawing is lined gold.

Int. Cl. 6

COMB. AFF. SEC 9 & 15

2/1/72